

## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

## TRADE ACT OF 1974

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## TITLE V—GENERALIZED SYSTEM OF PREFERENCES

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## SEC. 506A. DESIGNATION OF SUB-SAHARAN AFRICAN COUNTRIES FOR CERTAIN BENEFITS.

(a) \* \* \*

(b) PREFERENTIAL TARIFF TREATMENT FOR CERTAIN ARTICLES.—

(1) \* \* \*

(2) RULES OF ORIGIN.—The duty-free treatment provided under paragraph (1) shall apply to any article described in that paragraph that meets the requirements of section 503(a)(2), except that—

(A) \* \* \*

(B) the cost or value of the materials included with respect to that article that are produced in one or more beneficiary sub-Saharan African countries *or former beneficiary sub-Saharan African countries* shall be applied in determining such percentage.

(c) BENEFICIARY SUB-SAHARAN AFRICAN COUNTRIES, ETC.—For purposes of this [title, the terms] *title*—

(1) *the terms* “beneficiary sub-Saharan African country” and “beneficiary sub-Saharan African countries” mean a country or countries listed in section 107 of the African Growth and Opportunity Act that the President has determined is eligible under subsection (a) of this section.

(2) *the term* “*former beneficiary sub-Saharan African country*” means a country that, after being designated as a beneficiary sub-Saharan African country under the African Growth and Opportunity Act, ceased to be designated as such a country by reason of its entering into a free trade agreement with the United States.

**SEC. 506B. TERMINATION OF BENEFITS FOR SUB-SAHARAN AFRICAN COUNTRIES.**

In the case of a beneficiary sub-Saharan African country, as defined in section 506A(c), duty-free treatment provided under this title shall remain in effect through September 30, ~~2008~~ 2015.

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## SECTION 112 OF THE AFRICAN GROWTH OPPORTUNITY ACT

**SEC. 112. TREATMENT OF CERTAIN TEXTILES AND APPAREL.**

(a) \* \* \*

(b) **PRODUCTS COVERED.**—The preferential treatment described in subsection (a) shall apply only to the following textile and apparel products:

(1) **APPAREL ARTICLES ASSEMBLED IN ONE OR MORE BENEFICIARY SUB-SAHARAN AFRICAN COUNTRIES.**—Apparel articles sewn or otherwise assembled in one or more beneficiary sub-Saharan African countries from fabrics wholly formed and cut, or from components knit-to-shape, in the United States from yarns wholly formed in the United States, ~~[(including] or both~~ *(including fabrics not formed from yarns, if such fabrics are classifiable under heading 5602 or 5603 of the Harmonized Tariff Schedule of the United States and are wholly formed and cut in the United States)* that are—

(A) \* \* \*

\* \* \* \* \*

(3) **APPAREL ARTICLES FROM REGIONAL FABRIC OR YARNS.**—Apparel articles wholly assembled in one or more beneficiary sub-Saharan African countries from fabric wholly formed in one or more beneficiary sub-Saharan African countries from yarns originating either in the United States or one or more beneficiary sub-Saharan African countries (including fabrics not formed from yarns, if such fabrics are classified under heading 5602 or 5603 of the Harmonized Tariff Schedule of the United States and are wholly formed in one or more beneficiary sub-Saharan African countries), or from components knit-to-shape in one or more beneficiary sub-Saharan African countries from yarns originating ~~[(either in the United States or one or more beneficiary sub-Saharan African countries)]~~ *in the United States or one or more beneficiary sub-Saharan African countries or former beneficiary sub-Saharan African countries, or both*, or apparel articles wholly formed on seamless knitting machines in a beneficiary sub-Saharan African country from yarns originating ~~[(either in the United States or one or more beneficiary sub-Saharan African countries subject to the following:)]~~ *in the United States or one or more beneficiary sub-Saharan African countries or former beneficiary sub-Saharan African countries, or both, whether or not the apparel articles are also made from any of the fabrics, fabric components formed, or components knit-to-shape described in paragraph (1) or (2) (unless the apparel articles are made exclusively from any of the fabrics, fabric components formed, or components knit-to-*

*shape described in paragraph (1) or (2)), subject to the following:*

**[(A) LIMITATIONS ON BENEFITS.—**

**[(i) IN GENERAL.—**Preferential treatment under this paragraph shall be extended in the 1-year period beginning on October 1, 2000, and in each of the seven succeeding 1-year periods, to imports of apparel articles in an amount not to exceed the applicable percentage of the aggregate square meter equivalents of all apparel articles imported into the United States in the preceding 12-month period for which data are available.

**[(ii) APPLICABLE PERCENTAGE.—**For purposes of this subparagraph, the term “applicable percentage” means 1.5 percent for the 1-year period beginning October 1, 2000, increased in each of the seven succeeding 1-year periods by equal increments, so that for the period beginning October 1, 2007, the applicable percentage does not exceed 3.5 percent.

**[(B) SPECIAL RULE FOR LESSER DEVELOPED COUNTRIES.—**

**[(i) IN GENERAL.—**Subject to subparagraph (A), preferential treatment under this paragraph shall be extended through September 30, 2004, for apparel articles wholly assembled, or knit-to-shape and wholly assembled, or both, in one or more lesser developed beneficiary sub-Saharan African countries regardless of the country of origin of the fabric or the yarn used to make such articles.

**[(ii) LESSER DEVELOPED BENEFICIARY SUB-SAHARAN AFRICAN COUNTRY.—**For purposes of clause (i), the term “lesser developed beneficiary sub-Saharan African country” means—

**[(I)** a beneficiary sub-Saharan African country that had a per capita gross national product of less than \$1,500 in 1998, as measured by the International Bank for Reconstruction and Development;

**[(II)** Botswana; and

**[(III)** Namibia.]

**(A) LIMITATIONS ON BENEFITS.—**

*(i) IN GENERAL.—Preferential treatment under this paragraph shall be extended in the 1-year period beginning October 1, 2003, and in each of the 11 succeeding 1-year periods, to imports of apparel articles in an amount not to exceed the applicable percentage of the aggregate square meter equivalents of all apparel articles imported into the United States in the preceding 12-month period for which data are available.*

*(ii) APPLICABLE PERCENTAGE.—For purposes of this subparagraph, the term “applicable percentage” means—*

*(I) 4.747 percent for the 1-year period beginning October 1, 2003, increased in each of the 5*

*succeeding 1-year periods by equal increments, so that for the 1-year period beginning October 1, 2007, the applicable percentage does not exceed 7 percent; and*

*(II) for each succeeding 1-year period until September 30, 2015, not to exceed 7 percent.*

(B) SPECIAL RULE FOR LESSER DEVELOPED COUNTRIES.—

*(i) IN GENERAL.—Preferential treatment under this paragraph shall be extended through September 30, 2007, for apparel articles wholly assembled, or knit-to-shape and wholly assembled, or both, in one or more lesser developed beneficiary sub-Saharan African countries, regardless of the country of origin of the fabric or the yarn used to make such articles, in an amount not to exceed the applicable percentage of the aggregate square meter equivalents of all apparel articles imported into the United States in the preceding 12-month period for which data are available.*

*(ii) APPLICABLE PERCENTAGE.—For purposes of the subparagraph, the term “applicable percentage” means—*

*(I) 2.3571 percent for the 1-year period beginning October 1, 2003;*

*(II) 2.6428 percent for the 1-year period beginning October 1, 2004;*

*(III) 2.9285 percent for the 1-year period beginning October 1, 2005; and*

*(IV) 1.6071 percent for the 1-year period beginning October 1, 2006.*

*(iii) LESSER DEVELOPED BENEFICIARY SUB-SAHARAN AFRICAN COUNTRY.—For purposes of this subparagraph, the term “lesser developed beneficiary sub-Saharan African country” means—*

*(I) a beneficiary sub-Saharan African country that had a per capita gross national product of less than \$1,500 in 1998, as measured by the International Bank for Reconstruction and Development;*

*(II) Botswana; and*

*(III) Namibia.*

\* \* \* \* \*

(5) APPAREL ARTICLES WHOLLY ASSEMBLED FROM FABRIC OR YARN NOT AVAILABLE IN COMMERCIAL QUANTITIES IN THE UNITED STATES.—

**[(A) IN GENERAL.—Apparel articles that are both cut (or knit-to-shape) and sewn or otherwise assembled in one or more beneficiary sub-Saharan African countries, from fabric or yarn that is not formed in the United States or a beneficiary sub-Saharan African country, to the extent that apparel articles of such fabrics or yarns would be eligible for preferential treatment, without regard to the source of the fabric or yarn, under Annex 401 to the NAFTA.]**

(A) *IN GENERAL.*—Apparel articles that are both cut (or knit-to-shape) and sewn or otherwise assembled in one or more beneficiary sub-Saharan African countries, to the extent that apparel articles of such fabrics or yarns would be eligible for preferential treatment, without regard to the source of the fabrics or yarns, under Annex 401 to the NAFTA.

\* \* \* \* \*

[(6) *HANDLOOMED, HANDMADE, AND FOLKLORE ARTICLES.*—A handloomed, handmade, or folklore article of a beneficiary sub-Saharan African country or countries that is certified as such by the competent authority of such beneficiary country or countries. For purposes of this paragraph, the President, after consultation with the beneficiary sub-Saharan African country or countries concerned, shall determine which, if any, particular textile and apparel goods of the country (or countries) shall be treated as being handloomed, handmade, or folklore articles.]

(6) *HANDLOOMED, HANDMADE, FOLKLORE ARTICLES AND ETHNIC PRINTED FABRICS.*—

(A) *IN GENERAL.*—A handloomed, handmade, folklore article or an ethnic printed fabric of a beneficiary sub-Saharan African country or countries that is certified as such by the competent authority of such beneficiary country or countries. For purposes of this section, the President, after consultation with the beneficiary sub-Saharan African country or countries concerned, shall determine which, if any, particular textile and apparel goods of the country (or countries) shall be treated as being handloomed, handmade, or folklore articles or an ethnic printed fabric.

(B) *REQUIREMENTS FOR ETHNIC PRINTED FABRIC.*—Ethnic printed fabrics qualified under this paragraph are—

(i) fabrics containing a selvedge on both edges, having a width of less than 50 inches, classifiable under subheading 5208.52.30 or 5208.52.40 of the Harmonized Tariff Schedule of the United States;

(ii) of the type that contains designs, symbols, and other characteristics of African prints—

(I) normally produced for and sold on the indigenous African market; and

(II) normally sold in Africa by the piece as opposed to being tailored into garments before being sold in indigenous African markets;

(iii) printed, including waxed, in one or more eligible beneficiary sub-Saharan countries; and

(iv) fabrics formed in the United States, from yarns formed in the United States, or from fabric formed in one or more beneficiary sub-Saharan African country from yarn originating in either the United States or one or more beneficiary sub-Saharan African countries.

(7) *APPAREL ARTICLES ASSEMBLED IN ONE OR MORE BENEFICIARY SUB-SAHARAN AFRICAN COUNTRIES FROM UNITED STATES AND BENEFICIARY SUB-SAHARAN AFRICAN COUNTRY COMPO-*

NENTS.—Apparel articles sewn or otherwise assembled in one or more beneficiary sub-Saharan African countries with thread formed in the United States from components cut in the United States and one or more beneficiary sub-Saharan African countries *or former beneficiary sub-Saharan African countries* from fabric wholly formed in the United States from yarns wholly formed in the United States, or from components knit-to-shape in the United States and one or more beneficiary sub-Saharan African countries *or former beneficiary sub-Saharan African countries* from yarns wholly formed in the United States, or both (including fabrics not formed from yarns, if such fabrics are classifiable under heading 5602 or 5603 of the Harmonized Tariff Schedule of the United States).

\* \* \* \* \*

(d) SPECIAL RULES.—

(1) \* \* \*

(2) DE MINIMIS RULE.—An article otherwise eligible for preferential treatment under this section shall not be ineligible for such treatment because the article contains fibers or yarns not wholly formed in the United States or one or more beneficiary sub-Saharan African countries *or former beneficiary sub-Saharan African countries* if the total weight of all such fibers and yarns is not more than **[7 percent]** *10 percent* of the total weight of the article.

(3) CERTAIN COMPONENTS.—*An article otherwise eligible for preferential treatment under this section will not be ineligible for such treatment because the article contains—*

- (A) *any collars or cuffs (cut or knit-to-shape),*
- (B) *drawstrings,*
- (C) *shoulder pads or other padding,*
- (D) *waistbands,*
- (E) *belt attached to the article,*
- (F) *straps containing elastic, or*
- (G) *elbow patches,*

*that do not meet the requirements set forth in subsection (b), regardless of the country of origin of the item referred to in the applicable subparagraph of this paragraph.*

(e) DEFINITIONS.—In this section and section 113:

(1) \* \* \*

\* \* \* \* \*

(4) FORMER SUB-SAHARAN AFRICAN COUNTRY.—*The term “former sub-Saharan African country” means a country that, after being designated as a beneficiary sub-Saharan African country under this Act, ceased to be designated as such a beneficiary sub-Saharan country by reason of its entering into a free trade agreement with the United States.*

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